

**Request for Proposal for Group Accident and Critical Illness Supplemental Insurance  
DHR2002-SuppIns**

**Released: August 30, 2019**

**Responses to Bidder Questions (Q&A)**

**September 20, 2019**

No.	Reference:	Question:	Answer:
1	<p>Section A: 1.0 pg 6</p> <p>The State of Delaware utilizes multiple electronic human resources programs, such as PeopleSoft, and vendor databases at separate locations in various formats to collect and store participant data.</p>	<p>Can a listing of all platforms utilized be provided along with the division/business unit utilizing it? Is one platform the system of record? If so, who is it and will they continue?</p>	<p>This statement is general information and does not impact the supplemental insurance benefit program. The file layouts in Attachment 1 are for the PeopleSoft-based system known as PHRST. No other platforms would be used.</p>
2	<p>The insurance shall offer income indemnity coverage that is guaranteed renewable for accident, cancer, and critical illness or critical care and recovery.</p>	<p>Is the inforce coverage offered on a guaranteed renewable basis?</p> <p>Will the State entertain conditionally renewable coverage?</p>	<p>Yes, the inforce coverage meets the plan design on a guaranteed renewable basis of the group plan. At this time it is unknown if Aflac will offer current participants the ability to port coverage effective 07/01/20 at the group rate on an individual direct pay basis.</p> <p>The State will not entertain conditionally renewable coverage due to the requirement in the legislation.</p>
3	<p>Section 1: 2.0 pg 9-10</p> <p>Other points for interested bidders to note regarding the State's enrollment process and how it specifically impacts the Supplemental Insurance benefit . . .</p>	<p>Page 9 of the RFP states enrollment is "passive" and employees are not required to take action, page 10 states if the incumbent vendor is not awarded the contract, the first open enrollment with the new vendor would be "active". Please define what is meant by "active". Please indicate any requirements existing Supp Insurance participants will have regarding this benefit as well as any requirements people not currently participating in the plan(s) will have.</p>	<p>Active enrollment means that the eligible employee must proactively enroll as opposed to a roll-over (passive) into the policy offered by the new vendor. For subsequent years of the contract, the enrollment will roll-over unless the employee actively terminates coverage either by not electing coverage effective July 1<sup>st</sup> or terminating coverage at any other time of the year.</p>

4	An activity central to the Scope of Services cannot take place at a physical location outside of the United States.	The RFP states an activity central to the Scope of Services cannot take place at a physical location outside of the US. Please define what is meant by “central”?	Central means the home office, the operation center, and the location of the data storage. A call center may be located offshore as long as the data access is via a secure method. Please see Page 98, #DU5 for a complete explanation.
5	Attachment 4: 1.01(c) An employee must meet one of the following to be eligible.....	Eligibility and Enrollment Rules, item 1.01(c) indicates permanent part-time employees who are regularly scheduled to work less than 130 hours per month are eligible. Do these part-time employees work a minimum number of hours and how many employees are currently in that class?	Part-time employees work a standard of 30 hours per week. As of July 1, 2019, there were roughly 1,821 part-time employees.
6	Attachment 4: 1.01(d) An employee must meet one of the following to be eligible.....	Eligibility and Enrollment Rules, item 1.01 (d) indicates a limited term employee as defined by Merit Rule 10.1; it’s our understanding that these employees are appointed to a position that is not of a continuing nature, but is projected to exceed 90 days and such vacancies may be filled for a period of up to 1 year. How many employees are classified as “limited term” and do these employees work a minimum number of hours per week?	Limited term employees work a minimum of 30 hours per week. As of September, there are 35 limited-term employees statewide
7	Section A: 1.0 pg 6 The Statewide Benefits Office (SBO) is a division within the DHR that functions as the administrative arm of the SEBC responsible for the administration of all statewide benefit programs with the exception of pension and deferred compensation benefits. These programs include. . . .	Has the SEBC recently considered any changes to the existing health plans that would introduce higher cost sharing components such as deductible or co-insurance increases to participants? Does the SEBC anticipate any significant changes to the underlying medical plans in the next five years?	<p>The SEBC has considered offering a Health Savings Account plan, but elected not to do so for an effective date of 07/01/20. The SEBC may revisit offering a HSA plan in the future. There have been no recent considerations by the SEBC to introduce higher cost sharing components to the existing health plans.</p> <p>It is not possible to foresee the SEBC’s actions over the next five years as plan design considerations are directly impacted by plan performance and the financial performance of the plans which have been running favorably over the last 36 months.</p>

8	<p>Page 30, Section III</p> <p>The minimum requirements are mandatory. Failure to meet a single requirement in the legislation will result in disqualification. Failure to meet any of the other minimum requirements outlined in the RFP may result in disqualification of the proposal submitted by your organization.</p>	<p>Just to be clear, if we select not confirm to any of the legislative requirements there will be no contract negotiation and we will be disqualified. There is slight confusion as to legislation requirements vs. minimum requirements.</p>	<p>The questions in the minimum requirements section that match the terms in the legislation that are listed on Page 7 must be met or the bidder will be disqualified. They are:</p> <ul style="list-style-type: none"> <li>• 2.14 – administration of program using the existing format of the data elements in the file feeds (Attachment 1)</li> <li>• 2.27 – reconciliation without cost, assistance or support from the State</li> <li>• 5.05 – a Delaware business license</li> <li>• 4.04 – guaranteed issue</li> <li>• 4.06 and 4.15 – The company’s claims loss ratio of not less than 60% and from the policy’s inception as it relates to a Claim Loss Ratio Compliance Fund.</li> </ul> <p>In order to address the legislative requirement of “hav(ing) adequate servicing facilities”, all the questions that address your capacity, resources and capabilities will be evaluated in total for an overall determination of adequacy.</p> <p>As stated at the top of Page 30 of the Minimum Requirements section, the remaining minimum requirements are also mandatory and failure to meet any of the other terms <i>may</i> result in disqualification. The bid will be analyzed in its entirety.</p>
5.05 - 9	None	Please provide the past 5 years of claims experience.	The PPT shared with the SEBC at the April 8, 2019 meeting included the claims since FY16. This is a public document on our website. This document was also distributed to bidding vendors on September 16, 2019.
10	<p>Page 59, number 2.207</p> <p>Is portability available to all employees and dependents? If so, please describe the process for transferring an insured from the group plan to a direct-billed plan.</p>	<p>Is converting to an individual policy acceptable? If a policyholder does decide to convert does the policy have to be convertible at the same rate and convert with identical coverage?</p>	<p>#2.207 is a question, not a minimum requirement. If an employee terminates their group policy and transitions to an individual direct billed policy, the question is asking if that is possible, what would the rate be (same group rate or individual) and what is the process. The requirement of guaranteed renewability only applies to the group plan</p>

			offered by the State. The State is not imposing portability but asking your organization for your portability options.
11	Page 9, Section 2.0 - Employees may call the Supplemental Benefits vendor – such as customer service agents – at any time. Vendors cannot solicit individual meetings with eligible employees outside of the one-on-one contact at Open Enrollment events such as Health Fairs. Under no circumstances will the State provide mailing or telephone numbers for benefit vendors to directly contact employees individually.	Will we be allowed to reach out to current participants directly in any way to explain the differences in the plan designs and how to enroll, so that they can make a choice as to whether to direct bill their current plans or enroll into the new offerings?	Should this RFP result in an award for supplemental benefits to a vendor other than the incumbent and the incumbent is willing to offer a direct bill option to current plan enrollees, the SBO will determine how plan participants will be notified of their option to choose either a direct bill option or enrollment in new offerings. A new vendor will be invited to participate in open enrollment events and communications to market their products and to respond to questions from employees regardless of the employees' current enrollment in the supplement benefits offerings.
12	Page 51, 5.34 - Business Associate Agreement: <i>Non-Incumbents Only</i> - Please confirm you will enter into the agreement, Appendix K.	Our legal team is advising that we will not sign the BAA. This will also be submitted on the RFP Terms and Conditions Exception form with more detail. Will this disqualify us from this RFP process?	The requirement for the BAA was rescinded via Addendum #2.
13	Premium Tax Legal Minimum Requirement #5.25	Is the selected vendor required to pay state premium taxes on insurance business for this group? Or does the State of Delaware have an exemption that would not require Insurance Premium Tax to be paid?	Please contact the Delaware Department of Insurance for guidance. Any taxes and other costs need to be built into the premium rates since the State will not pay any fees, costs or the premiums for this employee-pay-all benefit.
14	Plan Design Section I-A-2.0, 6 <sup>th</sup> bullet point on page 8	It appears we are being asked to match the current inforce plan. Are we able to enhance the plan if we cannot exactly match the inforce plan?	The features of the current inforce plan that must be matched are listed in the four bullets beginning on Page 7. Premiums are deducted on an after-tax basis through payroll; accident coverage includes cover for on-the-job accidents and has a “low option” and a “high option”; and cancer coverage is included in the critical illness policy. Other elements of the plan designs can reflect your company's offering. For example, your level of the “low option” is not required to match the current plan.

16	Claims Loss Ratio Compliance Fund Section III-4.0, #4.15	RFP states that carrier must maintain a “Claims Loss Ratio Compliance Fund” in case the claims loss ratio drops below 60%. Is a separate Fund maintained for each line of coverage (accident and Critical Illness) or is there one combined Fund? I.e. Are we measuring the loss ratio separately or combined for Accident and Critical Illness?	The Claims Loss Ratio Compliance Fund is one combined fund.
17	Rate Structure Appendix J – Rate Quote Template	“Pricing Structure (b)” asks for the rate cap % for years 4 and 5. Should the rates listed in this section assume the full rate cap % is applied?	Please provide the rates for years 4 and 5 assuming the full rate cap is applied; while we recognize that the actual rate increase for years 4 and 5 may be less than the full rate cap, your response will serve as confirmation of the maximum potential rates applicable to these programs. Also, please ensure that the rate cap is clearly specified in your response.
18	Plan Design	How/where should we document a minor contractual difference between our quoted plan and the inforce plan? (e.g. Our Accident transportation benefit requires travel distance of 100 miles where the inforce plan only requires 50 miles).	Please refer to minimum requirement 2.01, select the “Not confirmed, explain” option and list any minor design deviations (up to 10 words) in the “Response” textbox.  If the design deviations are more extensive, please provide the full description, by benefit type, as an attachment and include the name of the attachment in the “Response” textbox.
19	Appendix J – Rate Quote Template	There are two rate grids listed on this document 1) Match FY2020 Benefit Plan. 2) Customized Quote. The RFP states the group is looking for a quote matching the inforce plan. Is the group also looking for a customized alternate quote? If so, is there any guidance in regards to the alternate plan design?	While the State is looking for vendors to match the current plan designs, if you offer an enhanced plan option for either critical illness or accident insurance (or both), please feel free to include the enhanced plan option in the “Customized Quote” rate grid.

20	Eligibility Appendix J – Rate Quote Template	It appears that the Critical Illness policy has an eligibility requirement of “under age 70”. This is supported by the fact that the highest age bracket is 60-69. Can you confirm employees 70+ cannot enroll?	Currently, employees age 70 and older cannot enroll in the critical illness policy. The State is open to providing employees age 70 and older to enroll in Critical Illness coverage if your product allows.
21	Plan Design	If an employee is enrolled in Critical Illness prior to the age of 70, are they allowed to keep their coverage once they reach the age of 70 and beyond (with the listed 50% benefit reduction)? If so, what rate are they charged as a 70+ rate is not listed.	Yes, employees enrolled in Critical Illness prior to age 70 are allowed to keep their coverage, however their benefit is reduced to 50% if a diagnosis occurs after they reach 70 years of age  The rate that an enrollee is charged is based on Issue Age.
22	Rate Structure	Please confirm if current inforce rates on Critical Illness are on an Attained Age basis.	The current rates are based on age of issue (“Issue Age”).
23	Minimum Requirements Section III-4.0, #4.14	Some minimum requirements (i.e. 4.14) are for the incumbent vendor only. Should we not respond to these requirements, or should we respond as “Not Confirmed” stating we are not the incumbent vendor?	Yes, please respond as “not confirmed” and add “N/A” or “not applicable”.
24	Rate Structure Appendix J – Rate Quote Template	The current Critical Illness plan has child coverage which is automatically embedded in the Employee rate. Would you like us to keep this structure going forward, or would you like us to provide a more standard rate structure which has separate rates for Employee, Spouse, and Child?	Please provide pricing for the “Match FY2020 Benefit Plan” scenario based on the current rate structure.  However, if your insurance product allows flexibility in the proposed rate structure to provide separate rates for employee, spouse and child, please feel free to provide these separate breakouts within the “Customized Quote” section of <i>Appendix J – Rate Quote Template</i> .
25	Enrollment	We have awareness of the State of Delaware’s relationship with Benefitfocus for your existing Group Supplemental Health coverages. Can you confirm if they	The State is not at liberty to discuss any relationship the incumbent vendor has with their sub-contractors.

		handle enrollment or administration of employee records, or both?	
26	Enrollment	<p>Does the State of Delaware prefer:</p> <ol style="list-style-type: none"> <li>1. to have carrier administered coverage where coverage is enrolled on the carrier website and employee records are held at the carrier; or</li> <li>2. to have self-administered coverage where coverage is enrolled on a system other than the carrier website (e.g. TPA, HRIS system, etc.) and the TPA holds employee records; or to have coverage enrolled on a system other than the carrier website (e.g. TPA, HRIS system, etc.) and then the carrier holds employee records after enrollment?</li> </ol>	<p>The State is open to exploring Option 1 and Option 2. However, given the additional time that may be needed to implement Option 2, the State would prefer implementing Option 1 in preparation for the upcoming open enrollment in May for the 7/1/2020 effective date. Thereafter, the State and vendor can reconvene to discuss the implementation of Option 2.</p> <p>As a reminder, on Page 9 of the RFP questionnaire, we describe the Single Sign-On process currently in place and on Page 66 in the Technology Section, it is noted as a requirement. Therefore, through a link on the open enrollment site, the member would navigate to the vendor's website for enrollment. During the year for new hires and members that terminate coverage, they would enroll or terminate on the same website via a link on the Statewide Benefits Office main webpage. The employee records would be held and managed by the vendor because the reconciliation process is the sole responsibility of the vendor.</p>